

# EMGOLD MINING CORPORATION

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## EMGOLD ANNOUNCES IDAHO-MARYLAND PROJECT UPDATE

### Project Overview

Emgold Mining Corporation (Emgold or the Company) provides the following update on its Idaho-Maryland Project (Project), located in Grass Valley, California. The Idaho-Maryland Mine was once the second largest underground gold mine in California and is reported to have produced 2.4 million ounces of gold at an average recovered grade of 0.43 ounce per ton. The mine contains a NI 43-101 compliant measured and indicated resource of 472,000 ounces of gold at a grade of 0.28 ounces per ton and an inferred resource of 1,002,000 ounces of gold at a grade of 0.39 ounce per ton, estimated as of March 1, 2007 (see Emgold's NI 43-101 compliant Technical Report titled "Idaho-Maryland Mine Project" dated December 8, 2009 at [www.emgold.com](http://www.emgold.com) or, filed under the Company's profile at [www.sedar.com](http://www.sedar.com)). A detailed summary of the Idaho-Maryland Project is available at [www.emgold.com](http://www.emgold.com) and [www.idaho-maryland.com](http://www.idaho-maryland.com).

### Permitting Status

Emgold is in the advanced stage of permitting the re-opening of the mine and is completing an Environmental Impact Report (EIR) for the Project through its 100% owned subsidiary, Idaho-Maryland Mining Corporation (IMMC). The preparation of the EIR commenced in July 2007 in accordance with the California Environmental Quality Act (CEQA). A Draft EIR was completed in October 2008 by the City of Grass Valley (City), the CEQA lead agency, and its consultant Environmental Science Associates (ESA) and the public comment period for the Draft EIR was completed in January 2009. The Draft EIR indicated that of the 15 areas evaluated, the Company was successfully able to avoid or mitigate potential environmental impacts of the Project in all areas, but one. This is a major accomplishment for any mining and/or industrial project, regardless of the jurisdiction.

After reviewing the Draft EIR, meeting with various government agencies to review their comments, reviewing public comments from the Draft EIR obtained during the public comment period (letters and public meetings), and obtaining input from the local community through IMMC's community outreach program, IMMC elected in mid-2009 to clarify and amplify the project design contained in Project Applications to further mitigate and/or eliminate potential environmental impacts of the Project identified in the Draft EIR. As the air quality analysis in that document identified certain impacts to be potentially significant, the primary focus of this work was to lessen potential air quality impacts from oxides of nitrogen, random organic gases, respirable dust (PM10), and greenhouse gas emissions. The project description revisions in the Project Applications reflect the goal of Emgold and IMMC to ensure the Idaho-Maryland Mine Project is a socially and environmentally responsible project that will benefit the City, Nevada County, the local communities, and our shareholders.

IMMC has completed significant work on air quality modeling for the Project and alternatives to address the air quality impacts outlined in the Draft EIR. Modeling done by IMMC's air quality experts has significantly reduced oxides of nitrogen, reactive organic gases, and respirable particulate matter from previous estimates contained in the Draft EIR. IMMC's proposed measures taken to accomplish these reductions include, but are not limited to, use of a Traffic Management Plan (e.g., van-pooling and car-pooling) to reduce employee traffic trips and associated air emissions, use of low NO<sub>x</sub> burners for combustion of natural gas, use of emulsion explosives, use of higher tier engines for off road underground and surface equipment, and use of shaft hoisting instead of trucking for material handling of ore and development rock.

IMMC expects to submit revised Project Application documents to the City in April, 2011. Based on CEQA guidelines, after review of the project design modifications reflected in the Application documents, the City may determine that a Revised Draft EIR is required for the project and circulate it for public comment. Alternatively, the City may elect to proceed with preparation of the Final EIR. IMMC anticipates a Revised Draft EIR will be required and has been proceeding on this basis since mid-2009.

The Final EIR will be prepared by the City and its consultant. The Grass Valley Planning Commission will review the Final EIR and entitlements for the Project, make a determination if the documents are complete and adequate, and forward the package to the Grass Valley City Council. The City Council will be responsible for Certification of the Final EIR, approving the entitlements, and approving a Conditional Use Permit for the Project. It is anticipated that the Final EIR can be completed in 2011.

David Watkinson, President and CEO of Emgold stated, "Emgold is busy on a number of fronts with the Idaho-Maryland Project and our other exploration properties located in Nevada and British Columbia. Our main focus is the Idaho-Maryland Project, and we have made a number of improvements and ensured that input from the public is incorporated into the project changes. We are excited to start moving forward again in the public domain with the Idaho-Maryland Project in anticipation of completing the California Environmental Quality Act (CEQA) process to allow us to advance the development of the Idaho-Maryland Mine."

In addition, Watkinson also stated, "The Idaho-Maryland Project is expected to result in 400 permanent jobs the Grass Valley and Nevada County area. The unemployment rate for Nevada County currently stands at 11.2% (January 21, 2011 California EDD Report, Preliminary numbers for December, 2010). The Grass Valley Mining District was once a major gold mining district in the U.S., and the mines within a three mile radius of the Idaho-Maryland Project are reported to have produced over 13 million ounces of gold between roughly 1850 and 1956. The mines shut down in 1956 due to the fixed price of gold by the U.S. government at US\$35.00 per ounce and rising labor and supply costs after WWII. Emgold management believes the Idaho-Maryland Project is a world class gold deposit, and its development will positively impact the local and state economies."

### **The Gold Mining Industry in California**

The years 2007 and 2009 saw the reopening of New Gold Inc.'s Mesquite Mine and ATNA's Briggs Mine respectively, both located in California. Gold production in California, which had decreased from 553,000 ounces per year in 2000, has now rebounded from a low of 19,400 ounces per year in 2007 to 161,400 ounces per year in 2009 (See Table 1). Other advanced stage gold projects in the permitting process in California include Sutter Gold Mining Corporation's Lincoln Project and Golden Queen Mining Company's Soledad Mountain Project.

**Table 1**  
**Recent Gold Production in California Years 2000 to 2009**

Year	Ounces of Gold Produced
2000	553,000
2001	452,500
2002	306,300
2003	141,000
2004	95,700
2005	65,300
2006	21,600
2007	19,400
2008	119,300
2009	161,400

Sources: State of California Non-Fuel Mineral Production Reports, 2001 to 2008.  
Northwest Mining Association, Gold Production by State, Updated Aug 2010.

Watkinson stated, "As outlined in recent articles in the New York Times and Washington Post referencing the Idaho-Maryland Project, the idea of a California Gold Rush is a thing of the past, despite the current high gold price per ounce. The average time to permit a mine anywhere in the U.S., including Nevada is currently in excess of 7 years. Despite this, we should see a steady increase in gold production in California over the next few years as a variety of projects work their way through the permitting process. With an unemployment rate of 12.5% in California (Source: U.S. Department of Labor Statistic, Preliminary Numbers, December 2010), the gold mining industry in California could achieve a 500,000 ounce per year production rate again within the next decade. This would represent about US\$700 million input per year for the California economy at the current gold price of about US\$1,400 per ounce. In 2008, California's non-fuel mineral production, which includes gold, was US\$4.0 billion. This included 717 active mines and directly employed about 10,000 people at the mines and their processing plants (Source, California Non-Fuel Production, 2008, USGS). According to the United States Bureau of Economic Analysis, California's Gross Domestic Product ("GDP") for mining in 2009 was \$15 billion while Nevada's GDP for mining in 2009 was only \$4.3 billion. We believe that California is a good place to develop a gold mine and do profitable and responsible business."

Information in this news release that is of a scientific or technical nature was prepared by Mr. Robert Pease, Professional Geologist (California), Chief Geologist of the Company. For more information about Emgold, the Idaho-Maryland Gold Project and the Buckskin Rawhide, Stewart, and Rozan Properties, please visit [www.emgold.com](http://www.emgold.com).

**On behalf of the Board of Directors**  
**David G. Watkinson, P.Eng.**  
President & CEO

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This news release may include certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address the mineral resource estimates, are forward-looking statements and are based on a number of assumptions, including but not limited to the assumptions underlying the estimated resources outlined in the Technical Report and are remain valid, that the demand for and price of gold remains constant or increases and does not experience a material decline, and that the Company will be able to raise the capital required to hold and develop the Idaho-Maryland Project. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include changes in the price of gold, the price of the company's shares, the costs of labour, equipment and other costs associated with exploration, development and mining operations, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. For more information on the Company, Investors should review the Company's filings that are available at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.emgold.com](http://www.emgold.com).